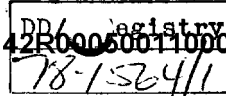


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DD/A Registry

File *Personnel-17.5*

24 APR 1978

MEMORANDUM FOR: Inspector General

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Protection of Equity in Federal Retirement

REFERENCE: Your memorandum of 13 April 1978

1. Referent memorandum expressed your concern for the protection of an employee's eligibility for an immediate annuity after changing from CIARDS to the Civil Service Retirement System.

2. The Civil Service retirement law requires that to be eligible for an immediate annuity under that System, a retiring Federal employee must have been under the Civil Service System for one of the last two years of service. For participants who are fully vested in CIARDS who have the option to remain in CIARDS or revert to the Civil Service System, this means that if one should opt to transfer to the Civil Service System he or she would not be eligible for an immediate annuity until one year after such transfer. It follows, then, that if an employee did indeed elect to revert to the Civil Service System and employment with the Agency was terminated within the year, the employee would not be eligible for an immediate annuity. A CIARDS participant who reverts to Civil Service is, however, covered immediately for disability and death benefits.

3. Your memorandum suggests that the Agency extend to employees who opt for the Civil Service System some assurance that their employment would not be terminated within the period of one year for reasons other than for cause (wrongdoing).

4. While it is possible that the employment of an employee who transfers from CIARDS to Civil Service could be terminated, the practical experience within the Agency shows that that has never occurred. We have had two large-scale experiences from which to draw from in making that observation. The first occurred in early summer 1976 when 1,260 CIARDS participants (out of a total CIARDS population of approximately [redacted] participants) were given the option to make a second election. Eighteen (18) participants chose to transfer to Civil Service; none expressed any worry about termination of employment during the required year and none was terminated from employment. The second experience, still in progress but almost completed, occurred when all fully vested participants [redacted] were given a new chance to make election; of the [redacted] responses so far, 17 have

DD/A Registry
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chosen to transfer to Civil Service; only one employee has expressed the anxiety you suggest in your memorandum. Of these 17, eight (8) are DDO'ers. In this present election exercise we have established with the DDO a procedure to identify whether or not a DDO'er who elects to revert to Civil Service is or might be on the list of personnel identified for separation. If one who opted to revert to Civil Service were on "the list," we would correspond with him or her to explain the situation and suggest that the employee reconsider in light of that knowledge, and we would also give complete information concerning the advantages and disadvantages of making the election. None of the eight DDO'ers who have so far elected to revert to Civil Service is on the DDO's reduction list.

5. Because of the different formulas for computing annuities, an employee who is terminated while in CIARDS will realize a higher annuity than if he or she retires one year later under Civil Service. It is conceivable, though unlikely, of course, that an employee in such circumstances might still opt for Civil Service in order to be on full salary for an additional year regardless of the lesser annuity at the end of that year. The present procedure does, however, ensure that an employee facing the prospect of separation is provided all the information necessary for making the important decision.

6. There is one situation in which an employee who converts from CIARDS to Civil Service could realize a greater annuity under Civil Service. This would be if the employee would have more than 36 years and 11 months of service by the end of the additional assured year. We know that in the current exercise (election between the two Systems) all but 140 CIARDS have responded, and only 17 of the [REDACTED] who have responded have elected to revert to Civil Service. Judging from such returns and on the basis of the experience of the present and the earlier election exercise, we feel safe in assuming that those who decide it to their advantage to revert to Civil Service will be very few in number and that most who see themselves in such situation have already made their election.

7. The procedure established with the DDO, if extended across the Agency, has the advantage of concentrating concern only in those cases in which it will be justified and, in such cases, of giving the individual participant the opportunity to act with full knowledge. We believe this procedure is preferable to obtaining from each career service in the Agency a commitment to ensure the continued employment for one year of any CIARDS participant who elects to revert to the Civil Service System. Such a commitment could lead to the charge of inequitable treatment from those also being separated but whose separation dates are not extended because of the conversion from CIARDS to Civil Service System. The number who will elect to revert is small. The "open season" for such election is now almost completed and the procedure being used with the DDO allows us to focus on those few cases where necessary.

8. We believe it useful to repeat that although an employee who converts from CIARDS to Civil Service must complete one year in the latter System to be eligible for immediate annuity, the employee is covered during

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that year for death and disability benefits. The statutory requirements for these benefits are 18 months of creditable service and five (5) years of creditable service, respectively. Because the present opportunity for election has been extended only to all those CIARDS participants who are fully vested in CIARDS (15 years Agency service and five years qualifying service), all satisfy the requirements for death and disability benefits. We wish to assure you that each participant who is eligible to make an election during the present exercise will be informed that, should he or she elect to revert to Civil Service, he or she is immediately covered for death and disability benefits.

John F. Blake

John F. Blake

Distribution:

0-addsee
2-DDA
1-D/Pers
1-DD/Pers/SP
1-C/RAD/SP/OP

Originator

Director of Personnel

20 APR 1978

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25X1A DD/Pers/SP: [REDACTED] jk (4-18-78)

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PERM 78-1185

INSPECTOR GENERAL
78-767

13 APR 1978

DD/A Registry
78-1524

MEMORANDUM FOR: Deputy Director for Administration

FROM : John H. Waller
Inspector General

SUBJECT : Possible Need for Clarification on Some Questions
Regarding Conversion from the Agency's Retirement
and Disability System to That of the Civil Service

1. Action Requested: That you consider providing certain reassurances to people who have been given the option to elect the Civil Service Retirement System (CSRS) in place of CIARDS.

2. Background: Recently my office had a query from an officer in the field regarding the option extended to people eligible for CIARDS to convert to CSRS. The officer's main concern was whether or not a person who converts from CIARDS to CSRS could be dismissed without any annuity during the year required to qualify for CSRS. A second question related to possible loss of disability or survivor death benefits during that year. We have been advised that it is technically possible for someone to be dismissed without an annuity during the one-year period of qualifying service. This seems not to be the case with disability benefits or with survivor benefits in case of death; people who qualify for CIARDS have already met the necessary Federal requirements for these benefits.

25X1A

3. We understand that [REDACTED] employees were notified of the CSRS option during the period from November 1977 through January 1978. Responses have been obtained from [REDACTED] people, leaving 150 outstanding. Although we do not wish to generalize on the basis of one specific case, we believe it possible that others may have concerns such as those described above, particularly with regard to separation for reasons other than cause (wrongdoing), during the one-year qualifying period. Because of this possibility, we suggest that certain unwarranted anxiety might be spared those who may wish to elect the CSRS in place of CIARDS if they could receive some assurance from the Agency that, barring dismissal for cause, it is unlikely that the employment of someone electing CSRS would be terminated during the qualifying period. Clarification of the question of eligibility for disability and survivor benefits may also be needed.

25X1A

4. I would appreciate being advised of your opinion concerning these questions.

[REDACTED]
John H. Waller

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INSPECTOR GENERAL

13 APR 1978

DD/A Registry

78-1524

MEMORANDUM FOR: Deputy Director for Administration

FROM : John H. Waller
Inspector General

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John H. Waller

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ROUTING AND RECORD SHEET

SUBJECT: (Optional) Possible Need for Clarification on Some Questions Regarding Conversion from the Agency's Retirement and Disability System to That of the Civil Service.

FROM: John H. Waller
Inspector General

EXTENSION
1252

NO.
DD/A Registry
File

DATE

TO: (Officer designation, room number, and building) EO/ODA
ADDA

DATE 4/13

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDA
7D18 Hq

Seen 4/14

2. D/PERS

2. For your action!
Deadline, 21 April
Unless you need more
time. Let Sgail
know!

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